

Saab Q3 2023

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Micael Johansson, President and CEO
Christian Luiga, CFO and Deputy CEO
Merton Kaplan, Head of IR



Important information

This presentation may contain forward-looking statements which reflect Saab AB's current view on future events and financial and operational development. Words such as "intend", "expect", "anticipate", "may", "believe", "plan", "estimate" and other expressions which imply indications or predictions of future development or trends, and which are not based on historical facts, are intended to identify forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements.

Highlights Q3 2023

- Demand pushing European defence industry to increase capacity and cooperation
- NATO Defence Production Action Plan in place for long-term industry resilience and procurement
- Strong momentum and interest for Saab in the market
- Ongoing capacity and competence build-up
- Completed two acquisitions and one strategic investment
- Launch of innovative product to further sharpen our portfolio



SAAB



Key figures Q3 2023

15.0

Order intake, SEK bn

Strong market momentum in all business areas

93% increase y-o-y

11.5

Sales, SEK bn

Strong sales growth in all business areas

31% organic growth

859

EBIT, SEK m

EBIT margin improvement to 7.5% (6.5)

51% EBIT growth

-2.1

Operational cash flow, SEK bn

Timing of customer payments combined with higher investments

(Q3 22: 559 SEK m)

Orders Q3 2023

	Q3 2023	Jan-Sep 2023
Total orders	15.0 SEK billion (7.8)	46.3 SEK billion (33.3)

	Q3 2023	Jan-Sep 2023
International orders	8.5 SEK billion (5.1)	29.5 SEK billion (14.1)

Order backlog	139 SEK billion 24% increase y-o-y
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- Gripen E contract for additional functionality to Sweden
- Extension of framework agreement for AT4 systems and Carl-Gustaf ammunition with the U.S.
- Two airborne early warning (AEW) aircraft to Poland
- Several support and radar contracts within Surveillance

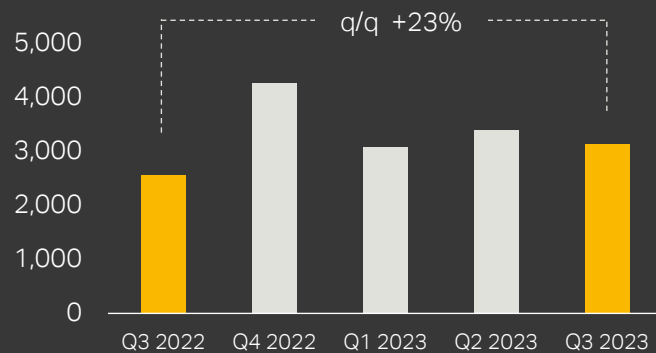


Aeronautics

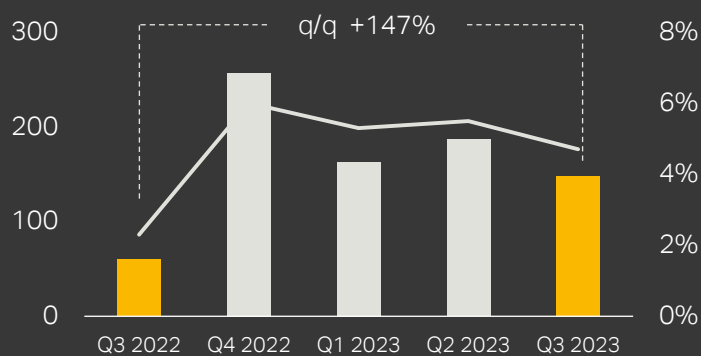


- Sales growth mainly driven by the Gripen programme
- First serially produced Gripen E aircraft delivered to FMV
- Extension agreement with Boeing on the 787 Dreamliner
- Ongoing market campaigns for Gripen fighter

Sales, SEK million



EBIT and EBIT margin, SEK million and %



Order intake
SEK bn

5.3

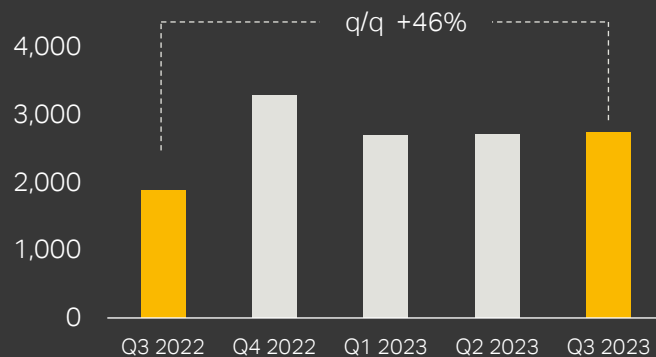
Order backlog
SEK bn

41.9

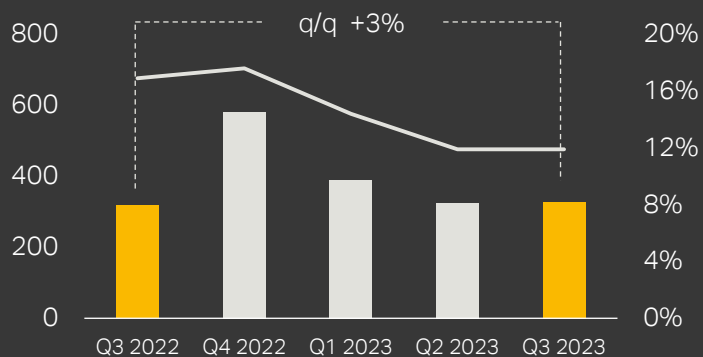
Dynamics

- Strong order momentum in Ground Combat continues
- Highest sales growth in business units Training & Simulation, Tactical Support Solutions and Underwater Systems in the quarter
- Ongoing investments in capacity in Sweden and India
- EBIT margin declined due to favourable mix in Q3 2022

Sales, SEK million



EBIT and EBIT margin, SEK million and %



Order
intake
SEK bn

3.2

Order
backlog
SEK bn

42.4

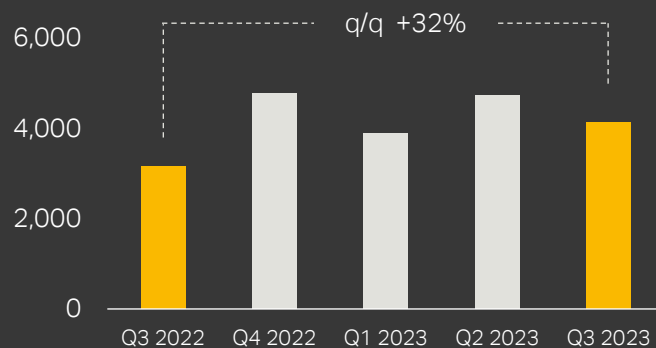


Business Area

Surveillance

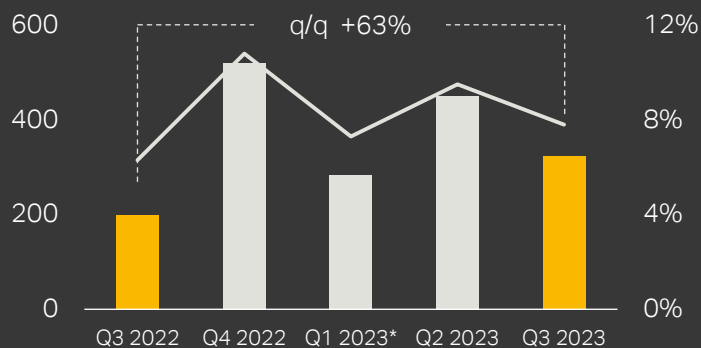
- High interest for the Surveillance portfolio, including GlobalEye and the Giraffe radar family
- New business unit structure for improved strategy execution
- Strong focus on customer deliveries and operational improvement
- Progress towards delivery of Poland's first AEW aircraft ordered in July
- New Giraffe 1X deployment set to be produced at Saab's UK site

Sales, SEK million



EBIT and EBIT margin, SEK million and %

**adjusted for items affecting comparability*



Order
intake
SEK bn

5.7

Order
backlog
SEK bn

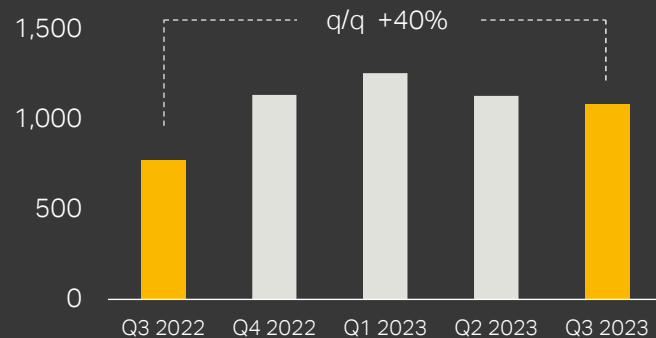
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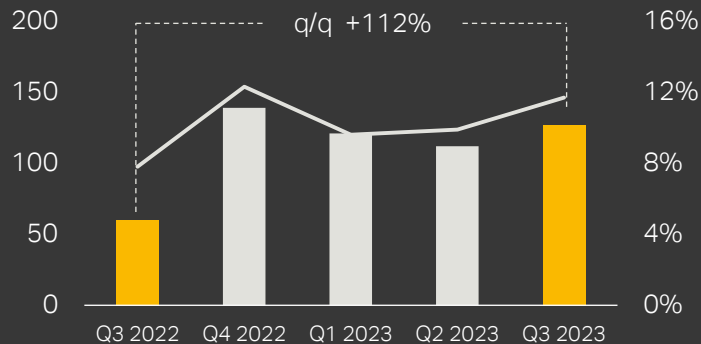
Kockums

- Submitted offer for 4 submarines to the Netherlands with Damen
- Industrial cooperation with Babcock for future naval opportunities
- Production start of composite masts for Finnish Navy's new ships
- Margin improvement reflecting favourable mix and aftermarket

Sales, SEK million



EBIT and EBIT margin, SEK million and %



Order intake
SEK bn

0.6

Order backlog
SEK bn

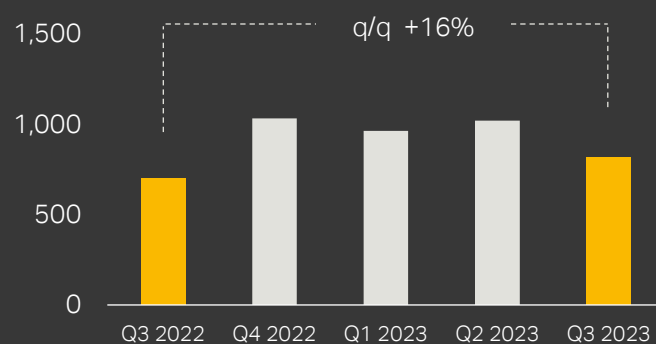
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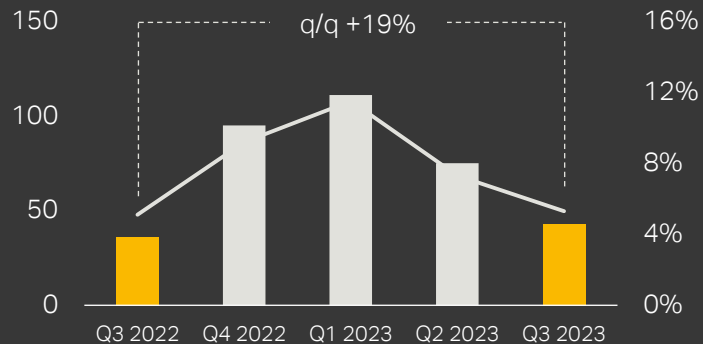
Combitech

- Strong market demand related to Total Defence initiatives
- Combitech growing in a slightly slowing civil market
- Agreement with Swedish Armed Forces for network and IP infrastructure
- Higher number of consultants, increased hourly rates and utilisation drives sales and EBIT

Sales, SEK million



EBIT and EBIT margin, SEK million and %



Order intake
SEK bn

0.7

Order backlog
SEK bn

1.6



Advancing our position in new capabilities



Acquisitions

BLUEBEAR 

Saab potential within autonomy, command and control (C2) and AI defence clouds

 **CrowdAI**

Enhancing Saab's portfolio with AI/ML capabilities

Cooperation agreement and investment



Helsing

EW and surveillance capabilities for fighters, and all-domain sensors and C2 applications

Partnerships

babcock TM

Potential to explore future opportunities within advanced surface ships

 **ST Engineering**

Radar integration, unmanned systems, air defence systems, training & simulation unmanned systems and autonomy

Sustainability Q3 highlights

- Saab rated A+ in Position Green's ranking of transparency in sustainability reporting amongst large Swedish companies
- Submitted net-zero 2050 climate targets according to the Science-based Targets initiative (SBTi) framework
- Q3 emission reduction was 10% y-o-y in Saab's operations (scope 1 and 2), however emissions from flight testing increased significantly
- Saab climbs employer ranking list for academics



Upgraded sales growth outlook 2023

Based on our current visibility for our programme execution and deliveries in the fourth quarter, we upgrade our sales growth outlook for 2023.

New: Organic sales growth between 19-23%

Previous: Organic sales growth between 16-20%

Priorities going forward

- Capture the growing market
- Customer deliveries
- Capacity and production ramp-up
- Onboarding and upskilling of employees
- Mitigating supply chain risks
- Integration of acquisitions and expanding collaboration
- R&D investments and future technologies

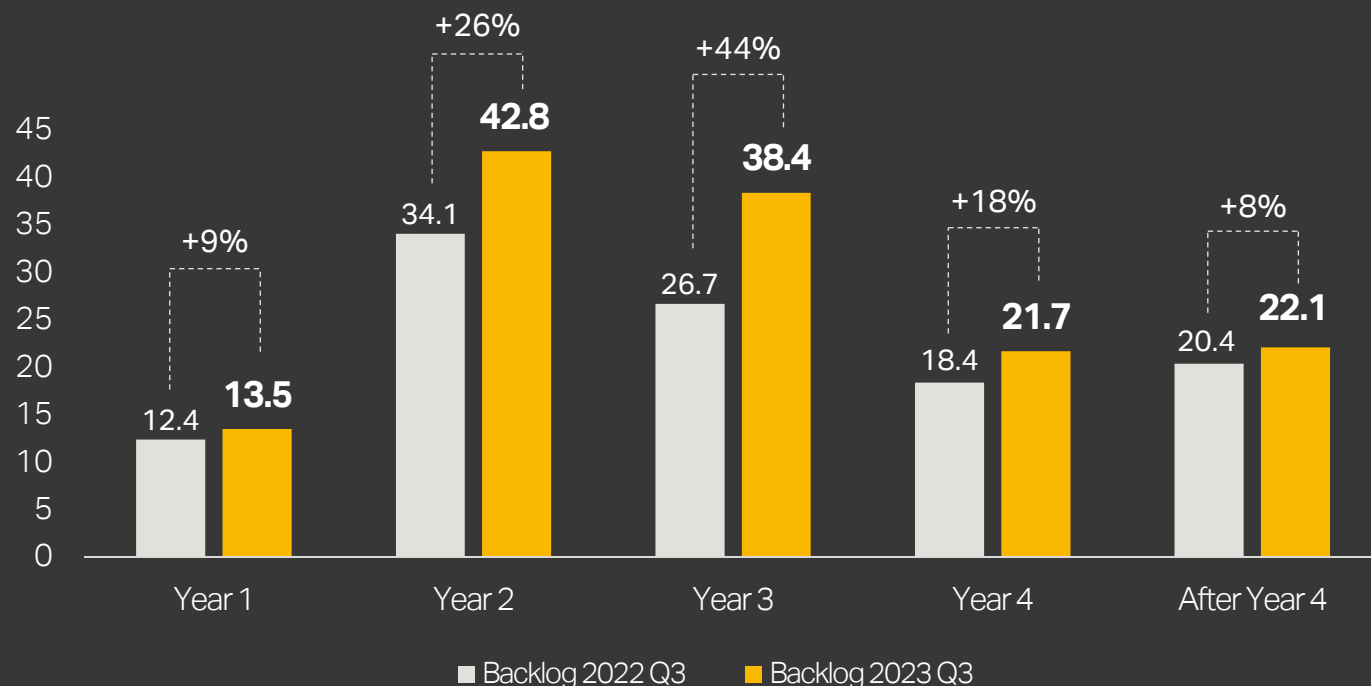


Financial summary



Strong order momentum

Order backlog duration, SEK billion



Q3 2023

57%

Order bookings from international markets

(66% in Q3 2022)

- Solid order activity resulting in Q3 (R12M) book-to-bill of 1.5x
- Record high order backlog of 139 BSEK, an increase of 8% since Dec 2022
- 64% of backlog outside Sweden

Financial summary Q3 2023

Saab Group, SEK million unless otherwise stated

	Q3 2023	Q3 2022	Change
Sales	11,527	8,751	32%
Gross Income	2,481	1,881	32%
<i>Gross margin</i>	<i>21.5%</i>	<i>21.5%</i>	
EBITDA	1,424	1,115	28%
<i>EBITDA margin</i>	<i>12.4%</i>	<i>12.7%</i>	
EBIT	859	568	51%
<i>EBIT margin</i>	<i>7.5%</i>	<i>6.5%</i>	
Financial net	-6	-133	
<i>Tax rate</i>	<i>23.1%</i>	<i>25.5%</i>	
Net income	656	324	102%
EPS (SEK)	4.84	2.28	112%

Comments

- Organic sales growth of 31.4%, 0.9% from currency and -0.6% from M&A
- Increased gross income y-o-y but gross margin unchanged due to mix effects
- EBIT growth of 51% driven mainly by higher sales volumes and scale effects
- Lower tax rate in Q3 due to higher results from operations in Sweden vs Q3 2022
- Financial net benefit from unrealised results of SEK +47m (-25) from S-T investments, supporting the strong increase in net income and EPS

Financial summary Jan-Sep 2023

Saab Group, SEK million unless otherwise stated

	Jan-Sep 2023	Jan-Sep 2022	Change	FY 2022
Sales	35,487	28,140	26%	42,006
Gross Income	7,743	6,037	28%	8,886
<i>Gross margin</i>	<i>21.8%</i>	<i>21.5%</i>		<i>21.2%</i>
EBITDA	4,526	3,518	29%	5,401
<i>EBITDA margin</i>	<i>12.8%</i>	<i>12.5%</i>		<i>12.9%</i>
EBIT	2,852	1,960	46%	3,274
<i>EBIT margin</i>	<i>8.0%</i>	<i>7.0%</i>		<i>7.8%</i>
Financial net	-57	-490		-455
<i>Tax rate</i>	<i>21.7%</i>	<i>23.2%</i>		<i>19.0%</i>
Net income	2,189	1,129	94%	2,283
EPS (SEK)	16.06	8.08	99%	16.41

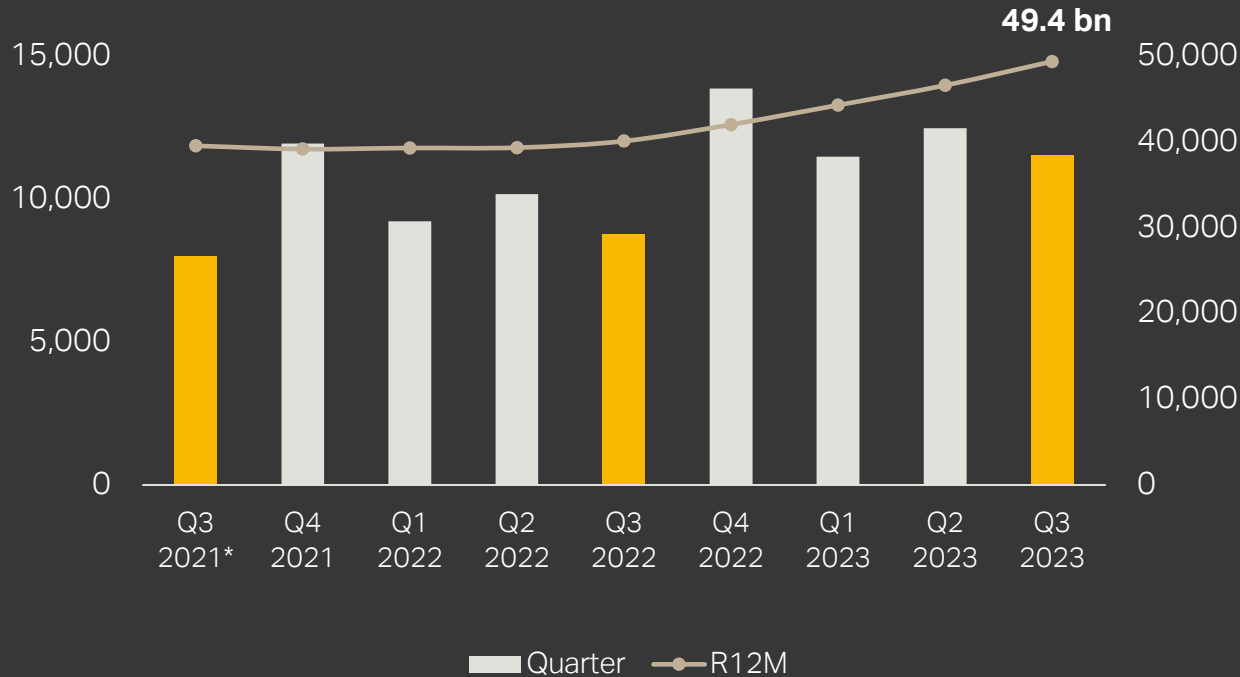
Comments

- Organic sales growth of 25.6%, 1.0% from currency and -0.5% from M&A
- Gross income increase of 28% driven primarily by the growth in Dynamics and Surveillance. Gross margin was 21.8%
- EBIT improvement driven by increased sales volumes and scale effects
- IAC of SEK +44m net, from MTM and property divestment and write-downs
- Lower tax rate due to positive non-taxable income from capital gain related to divestments (MTM & property)
- 9M financial net benefit from unrealised results of SEK +73m (-235) from S-T investments, supporting EPS increase

Sales development



Group Sales, SEK million



Q3 2023

11.5
Sales, SEK bn
(Q3 22: 8.8)

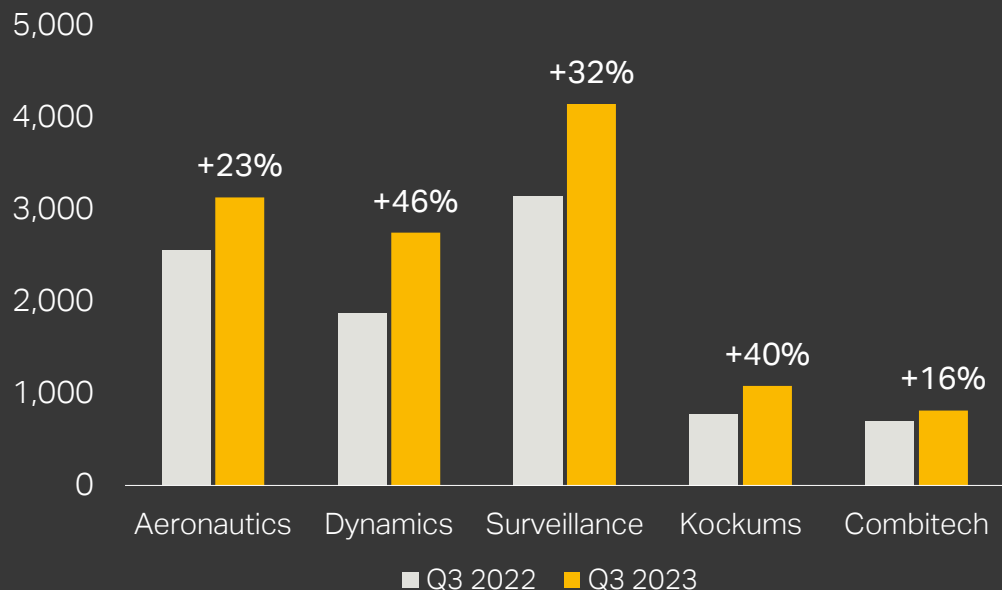
+31%
Organic sales growth
32% total growth

- Strong sales development across the business with high level of production volumes and activity in projects
- Europe incl. Sweden, North America and Australia show good growth
- R12M Sales CAGR of 12% over last 3Y

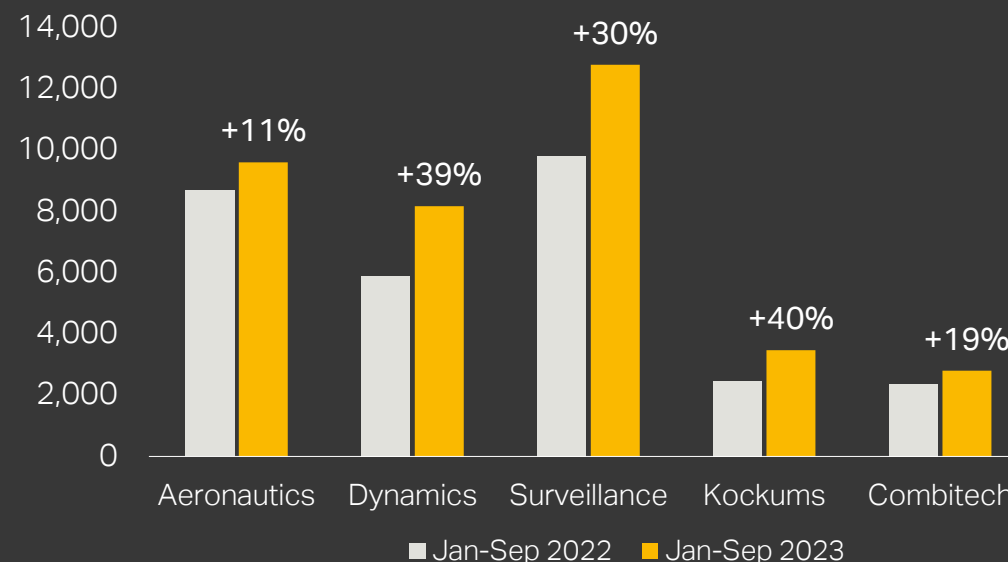
*R12M adjusted for items affecting comparability

Sales per business area

Sales Q3 2023, SEK million



Sales Jan-Sep 2023, SEK million

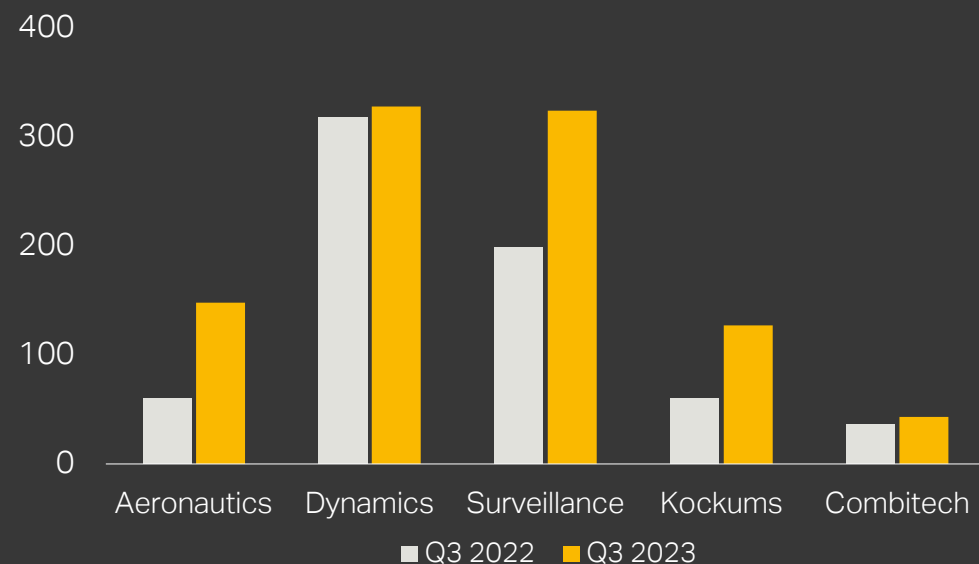


- Strong sales performance in all business areas and Combitech
- Q3 this year represents a higher share of the full year sales compared to last year

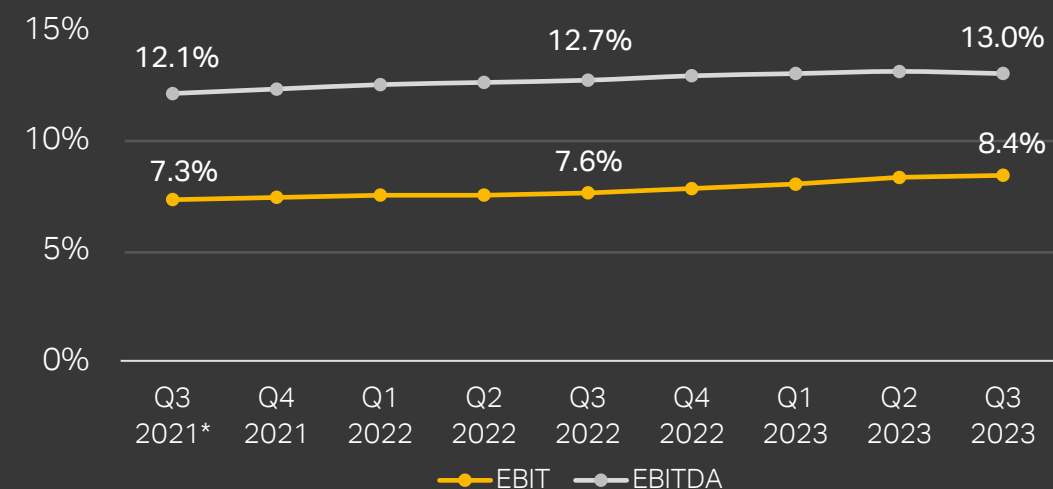
- All business areas contributing to 9M growth
- High pace in project execution and deliveries
- Strong aftermarket business supports Aeronautics and Kockums

EBIT and EBITDA

EBIT Q3 2023, SEK million



Group EBIT and EBITDA margin, % R12M

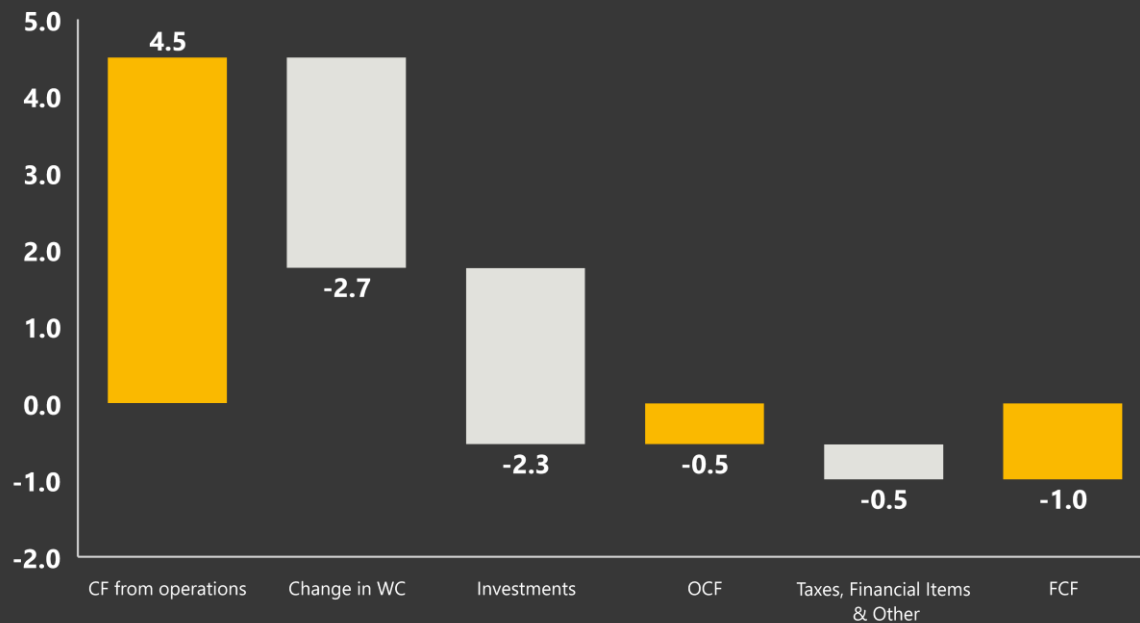


- Gross income driven by the high volumes but gross margin offset by mix effects
- EBIT improve in all business areas with strong contribution from Surveillance, Aeronautics and Kockums
- EBIT margin improved in all business areas except Dynamics where margins normalise vs 2022

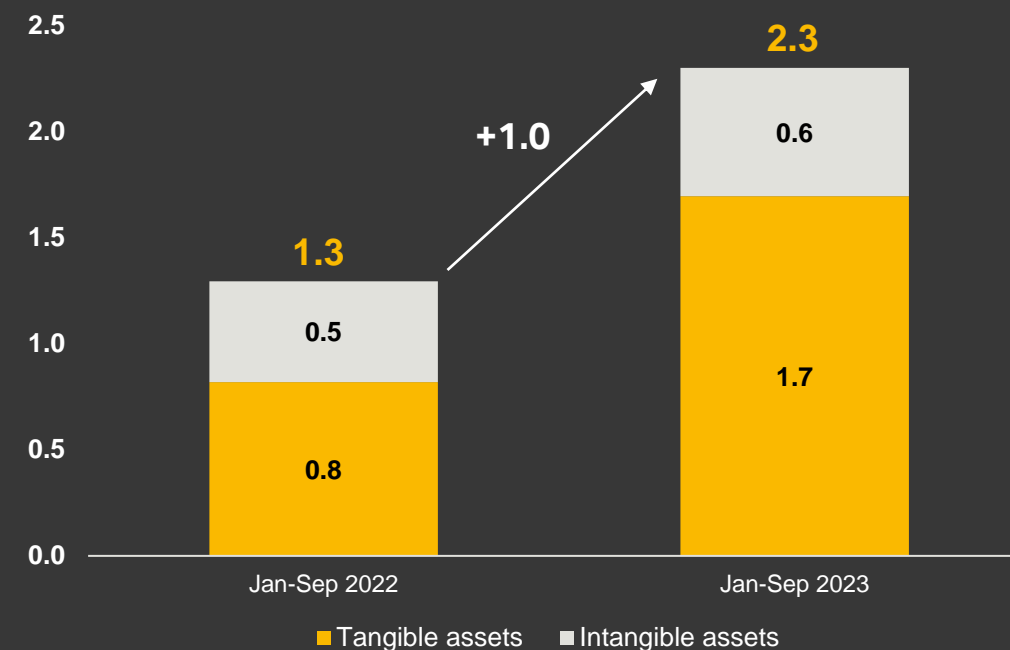
*Adjusted for items affecting comparability

Cash flow analysis and investments

Group Cash Flow YTD, SEK billion



Investments, SEK billion

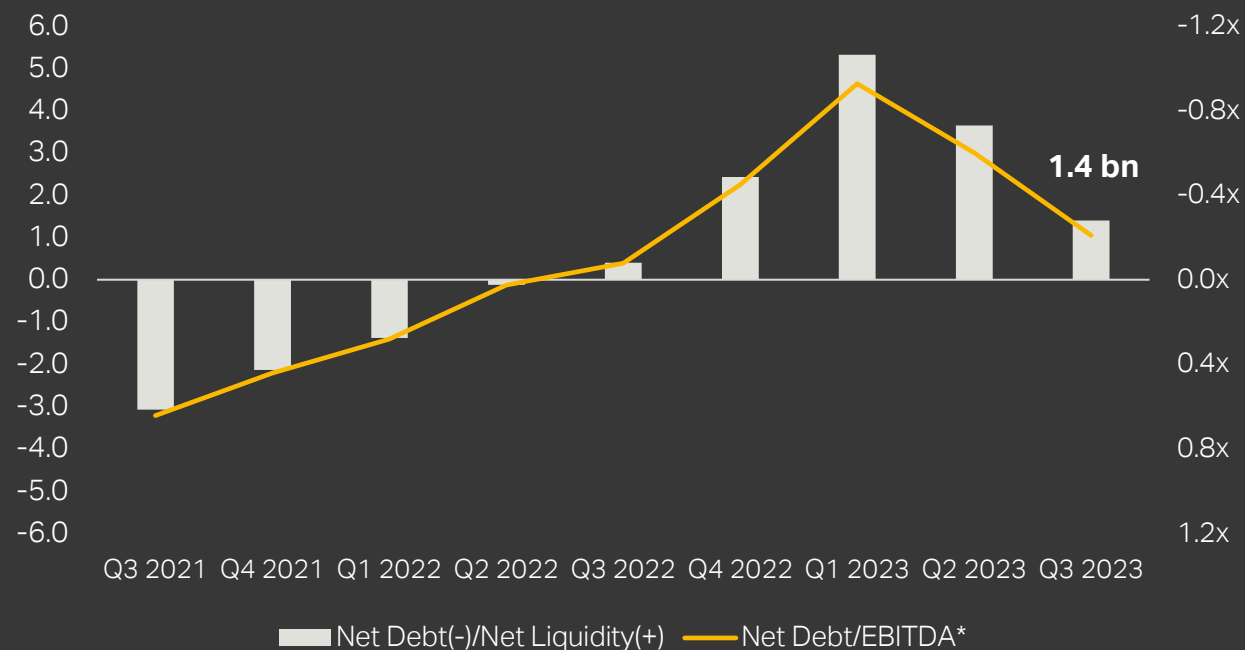


- Q3 cash flow reflecting timing of customer payments combined with higher investments
- Inventory build-up in Dynamics and Surveillance to secure deliveries in coming years
- Acquisition of BlueBear had an effect of -223m on FCF

- Property, machinery, tools and IT investments to increase capacity
- Main investment increases in Dynamics, Surveillance and common IT
- Capitalisation of Gripen development programme driving intangible assets

Solid balance sheet

Liquidity/debt position, SEK billion



Q3 2023

-0.21x
Net debt/EBITDA*

40.3%
Equity/Asset ratio

10.5
Cash and short term
investments, SEK bn

6.0
Unutilised Revolving Credit
Facilities, SEK bn

*EBITDA rolling 12 months, adjusted for items affecting comparability

Outlook and targets



Organic sales growth

Operating income

Cash flow

Outlook 2023

New:
Organic sales
growth between
19-23%

(Previous: organic sales growth
between 16-20%)

Operating
income growth
higher than
organic sales
growth

Positive
operational
cash flow

Medium-term
2023-2027

~10%
CAGR*

Operating
income growth
higher than
organic sales
growth

>70%
cash
conversion**
(cumulative 5 yrs)

*CAGR base year 2022

**Cash conversion = Operational cash flow / Operating income

Q&A

